

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6478**

**BILL NUMBER:** SB 198

**NOTE PREPARED:** Jan 26, 2012

**BILL AMENDED:**

**SUBJECT:** Choice Scholarship Eligibility.

**FIRST AUTHOR:** Sen. Eckerty

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill removes the requirement that a student must attend a public school for at least two semesters immediately prior to receiving the Choice Scholarship.

**Effective Date:** July 1, 2012.

**Explanation of State Expenditures:** The bill could increase the number of students that are eligible to receive the Choice Scholarships. For FY 2012, 3,919 students received Choice Scholarships, with 3,382 of the students attended public schools the prior year and 537 students received a scholarship from a scholarship-granting organization the prior year.

For FY 2011, there were about 26,630 students attending private schools and were eligible for free or reduced lunch. The students would be eligible for a scholarship equal to 90% of the tuition support of the school corporation where the student resides, with a maximum scholarship of \$4,500 for elementary schools. It is unknown how many additional students might qualify for the 50% scholarship because their family income is between the 100% and 150% of free and reduced lunch thresholds. The average scholarship for FY 2012 is about \$4,313. The maximum number of scholarships is 7,500 for FY 2012 and 15,000 for FY 2013.

The potential future impact after FY 2013 when there is no longer a limit on the number of scholarships could be about \$115 M (26,630 students \* \$4,313), if 26,630 students became eligible for Choice Scholarships.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** The bill could reduce the school formula revenue for local schools. Currently, the Choice Scholarship grants are paid from the savings in tuition support since the student attended public schools the year before and was therefore built into the school tuition support projection for CY 2012 and CY 2013. The addition of students into the program who were not included in the tuition support projections could cause the total distribution for the school formula, Choice Scholarship awards, and the Mitch Daniels Early Graduation Scholarships to exceed the tuition support appropriation. If distributions exceed the appropriation, then schools' school formula distributions would be proportionately reduced.

**State Agencies Affected:** Department of Education.

**Local Agencies Affected:** Schools.

**Information Sources:** Department of Education databases.

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825.